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ATTORNEYS AT LAW

June 11, 2009

The Southcenter Plan
Tukwila Dept. of Community Development
6300 Southcenter Blvd.
Tukwila, WA 98188

Re: Comments regarding the Draft Tukwila Urban Center Plan

Dear Planning Commissioners:

We represent Walton CWWA Tukwila 1, LLC, and Walton CWWA Southcenter 4, L.L.C. [1] (collectively "Walton"), both of which own property within the boundaries of the proposed Tukwila Urban Center Plan ("TUC" or "Plan"). These properties are developed with a number of existing commercial, light industrial, and warehouse buildings occupied by a variety of tenants. We are writing on Walton's behalf to express our serious concerns with the TUC as currently proposed, and to support the Planning Commission's decision to remand the Plan to City staff for a thorough review and redraft.

As a opening comment, we have reviewed the comment letter submitted on behalf of WEA Southcenter LLC ("Westfield") on May 28, 2009 regarding the TUC. We hereby adopt and reiterate the concerns raised by Westfield, particularly related to the lack of economic analysis and findings to support the proposed Plan, and the inconsistencies between the TUC and the City's Comprehensive Plan.

In addition, we wanted to weigh in by explaining how the TUC would affect two development proposals that Walton has been considering over the last year for its properties in Tukwila. First, Walton CWWA Southcenter 4, LLC, owns the property located along Andover Park West between Midland and Triland Drives ("Southcenter West"). Earlier this year, Walton had considered pursuing either the redevelopment of the entire site (three buildings), or a "face lift" for the building fronting Andover Park West. The TUC, if adopted as proposed, would render impossible and/or financially infeasible either option.

While the majority of the area to the north is retail, lending the Southcenter West site to expanded retail development, the TUC as proposed significantly limits the types and scale of retail that would be permitted on the property. (In fact, the TUC as currently proposed significantly reduces the list of over 50 uses currently permitted in the TUC zone, rendering non-conforming a significant number of existing businesses and limiting the redevelopment potential of numerous under-developed properties.) Even if the TUC did not significantly limit retail in

[1] Both Walton CWWA Tukwila 1, LLC, and Walton CWWA Southcenter 4, L.L.C., are a Delaware limited liability company.

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this portion of the TUC zone, the number and scope of new development regulations that would apply to the property would render the project infeasible. To do just the modest "face lift," Walton would be required to meet a whole new array of development standards that would increase the project's costs – far above the increased rental values that might be achieved. Further, following such a "face lift," Walton might seek new tenants to utilize the upgraded spaces. That change in tenant type would trigger a whole other set of additional requirements, including requiring Walton to upgrade the street scape to meet public frontage improvement, new landscape standards and other site component regulations. The costs of such development regulations far outweigh their benefits.

Second, Walton CWWA Tukwila 1, LLC, owns the Tukwila Business Park located south of Strander Blvd along the Green River. Earlier this year, Walton considered preparing a binding site plan for a portion of the property to enable current and future tenants to purchase the underlying property in the future. Without proposing a single square foot of new development, the TUC as proposed could require Walton to improve two streets to meet the new public street standards, one along the western property boundary, and second running east/west dividing the Business Park into a north and south half, *including a new public access at the terminus at the Green River*. Further, a binding site plan alone would trigger requirements to upgrade the property to meet the new public frontage requirements and substantially expanded landscaping and site component regulations.

Further, the cost of implementing the various requirements triggered by a change of use proposed in the TUC could quickly overwhelm the rental value generated by a new tenant. The Tukwila Business Park currently contains 277 units which are home to 219 different tenants. Turn over is fairly frequent, with regular changes of use (e.g., office changing to light manufacturing, light manufacturing changing to professional service, etc.). As drafted, the TUC implies that Walton would be required to upgrade significant portions of the property – including improving two streets to public street standards mentioned above – if it proposes a change of tenant type that the Director determines triggers traffic mitigation. With the substantial costs of meeting the TUC's proposed new standards hanging over its head, Walton would have to seriously contemplate allowing significant portions of the Business Park to lay vacant before it invested the tremendous resources required to upgrade the property to meet the new standards proposed in the TUC.

Collectively, the additional expenses imposed by the proposed Plan – without any apparent consideration for whether the Plan's requirements provide a corresponding increase in the value of the developed property – will only serve to *devalue* the property in the TUC area and ensure that projects from modest "face lifts" to complete redevelopments are shelved for the foreseeable future. While this Plan articulates a "vision" for the future of Tukwila, it fails to consider or understand the real world in which real estate ownership and development occur.

Further, the City needs to better understand its history and development patterns. If the City wants to move away from those prior development patterns, it should do so more gradually and with *public* investment. Efforts to impose a new "town center" vision on an area that has long been a mix of retail, light manufacturing and warehouse, with some office interspersed, are not likely to be successful in the foreseeable future. And as Westfield's letter points out, these dramatic changes threaten to significantly devalue the properties in the TUC area for the foreseeable future.

Again, Walton appreciates the Planning Commission's decision to remand the TUC to planning staff for a major overhaul. We intend to review that revised draft when it is available. We hope that between now and then, the City will conduct the necessary analyses to create a more financially viable plan both for the City and the property owners in the TUC zone. If you have any questions or comments regarding anything in this comment letter, please feel free to contact me.

Very truly yours,

Molly A. Lawrence

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cc: Nancy Vega, WCV Commercial Properties
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Larry Klatt, CBRE